

## Message Text

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ORIGIN TRSE-00

INFO OCT-01 EUR-12 IO-13 ISO-00 EB-08 AID-05 SSO-00  
INRE-00 ICAE-00 CEA-01 CIAE-00 COME-00 EA-10  
FRB-03 INR-10 NEA-10 NSAE-00 OPIC-03 SP-02 LAB-04  
SIL-01 AGRE-00 OMB-01 SS-15 NSCE-00 /099 R

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-----090704 232339Z /75

O R 232255Z AUG 78  
FM SECSTATE WASHDC  
TO AMEMBASSY COPENHAGEN IMMEDIATE  
AMEMBASSY HELSINKI IMMEDIATE  
AMEMBASSY OSLO IMMEDIATE  
INFO AMEMBASSY BRUSSELS  
USMISSION GENEVA  
AMEMBASSY LONDON  
AMEMBASSY PARIS  
USMISSION USUN NEW YORK  
AMEMBASSY STOCKHOLM  
AMEMBASSY REYKJAVIK

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USEEC, USOECD

E.O. 11652: N/A

TAGS: EFIN, IBRD, IMF

SUBJECT: IBRD/IMF DEVELOPMENT COMMITTEE

REF: (A) OSLO 3973 (NOTAL) AND (B) HELSINKI 2632 (NOTAL)

1. WE WERE SURPRISED BY SUGGESTION IN REFTELS THAT NORDICS ARE CONSIDERING INITIATIVE TO ABOLISH DEVELOPMENT COMMITTEE (DC) SINCE COMMITTEE STILL COMMANDS STRONG SUPPORT FROM LDCS, AND NORDICS ARE USUALLY SUPPORTIVE OF LDC VIEWS.

2. IN RESPONSE TO INFORMAL INQUIRY CONCERNING EMBASSY OSLO REPORT (REFTEL A), NORDIC ALTERNATIVE EXECUTIVE DIRECTOR TO IBRD ALSO EXPRESSED SURPRISE AND SUGGESTED U.S. EMBASSY COPENHAGEN CHECK WITH MFA, DEPUTY HEAD OF DANIDA, ISAKSEN, WHO IS NORDIC COORDINATOR OF DC MATTERS AND IS EXPECTED TO ATTEND WASHINGTON SENIOR OFFICIALS MEETING.

3. AT RECENT MEETING OF WORLD BANK EXECUTIVE DIRECTORS (EDS), CHAIRED BY MCNAMARA, MOST REPRESENTATIVES OF BOTH DEVELOPED AND DEVELOPING COUNTRIES EXPRESSED DISSATISFACTION WITH CURRENT STATUS OF DC, AND MOST AGREED ON NEED FOR SUBSTANTIAL REFORM TO MAKE ITS WORK MORE MEANINGFUL AND PRODUCTIVE. TO OUR KNOWLEDGE, HOWEVER, NO SERIOUS CONSIDERATION WAS GIVEN TO TERMINATION OF THE COMMITTEE

ALTOGETHER, ALTHOUGH PROPOSALS DID INCLUDE ABOLISHING LIMITED OFFICIAL USE

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THE SECRETARIAT. EDS AGREED TO CONSULT WITH GOVERNMENTS DURING AUGUST VACATIONS, AND IT IS POSSIBLE NORDICS HAVE, IN SUBSEQUENT DISCUSSION, LEANED TOWARD DISSOLUTION OF THE COMMITTEE ITSELF.

4. U.S. BELIEVES THAT, DESPITE DCS' DISAPPOINTING RECORD THUS FAR, IT OFFERS POTENTIAL AS A FORUM FOR AN INFORMED DEBATE ON DEVELOPMENT ISSUES, INVOLVING SENIOR GOVERNMENT OFFICIALS RESPONSIBLE FOR ECONOMIC POLICY.

5. OUR VIEW, SHARED BY A NUMBER OF DEVELOPED AND DEVELOPING COUNTRIES, IS THAT CURRENT, LARGE DC WORK PROGRAM SHOULD BE REPLACED BY MORE SHARPLY FOCUSED ANALYSIS OF LIMITED NUMBER OF POLICY ISSUES SUSCEPTIBLE TO PRODUCTIVE DISCUSSION AND POSSIBLE POLICY RECOMMENDATIONS BY MINISTERS. IN ADDITION TO SUBSTANTIVE REFORM, WE BELIEVE SOME PROCEDURAL CHANGES ARE REQUIRED TO ENGAGE SENIOR GOVERNMENT POLICY-MAKERS MORE DIRECTLY IN DC WORK. WE HAVE SOME SPECIFIC IDEAS ON HOW THIS MIGHT BE ACCOMPLISHED, WHICH OUR ED AIRED WITH OTHER IBRD EDS (FOR EXAMPLE, REDUCED ROLE FOR SECRETARIAT, STRENGTHENED ROLE FOR DC CHAIRMAN, PHASEOUT OF EXISTING WORKING GROUPS, AND FORMATION OF A TASK FORCE OF APPROPRIATE GOVERNMENT OFFICIALS ON EACH ISSUE AGREED UPON FOR DC STUDY), BUT,

WE WOULD BE RECEPTIVE TO OTHER SUGGESTIONS.

6. WE VIEW DC SENIOR OFFICIALS MEETING IN WASHINGTON, SEPTEMBER 6- 7, AS CRITICAL TIME FOR REACHING AGREEMENT ON OUTLINES OF REFORM, FOR CONSIDERATION AND APPROVAL AT THE MINISTERIAL, SEPTEMBER 23. WE UNDERSTAND THAT OTHERS (FYI. INDIA) ARE CONSIDERING TABLING A REFORM PROPOSAL.

7. ACTION REQUESTED: READING ASAP ON SERIOUSNESS OF NORDIC THINKING ON TERMINATION OF DEVELOPMENT COMMITTEE VERSUS ATTEMPT AT REFORM.  
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8. FOR HELSINKI: IS NORDIC MEETING AUGUST 24 IN HELSINKI MENTIONED REFTELS RELATED TO THE LIKE-MINDED MEETING TAKING PLACE THERE ON AUGUST 24-25? IF SO, HAVE THE NORDICS DISCUSSED THEIR IDEAS ABOUT THE DC WITH THE OTHER LIKE-MINDED GOVERNMENTS, AND CAN YOU DETERMINE WHAT CONCLUSIONS WERE REACHED? CHRISTOPHER

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